

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 27, 2008 **Bill Number:** H.B. 4706

Author: Bowers

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-6-3360, as amended, of the Code of Laws of South Carolina, 1976, relating to the targeted jobs tax credit, so as to extend the eligibility for this credit and other economic incentives that follow from this credit to aircraft servicing facilities and provide a definition for an aircraft servicing facility.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund income tax, bank tax, and insurance license tax revenue by an estimate \$5,525,000 in FY2008-09.

Explanation

This bill would amend Section 12-6-3360(A) to allow taxpayers that operate aircraft servicing establishments an annual jobs tax credit. The nonrefundable tax credit may be applied against individual income tax, corporate income tax, bank taxes, and insurance premium taxes. This bill would also amend Section 12-6-3360(M) to define "aircraft servicing facility" as a facility at which a firm engages in the repair or reconditioning of aircraft owned or leased by the federal government or a commercial air carrier. According to data from the U.S. Department of Labor, Bureau of Labor Statistics, and the U.S. Department of Commerce, Bureau of Economic Analysis, there are an estimated 2,396 individuals employed in aircraft servicing-related jobs in the state. These occupations include aircraft maintenance and repair services and inspection and testing services. Multiplying 2,396 employees by an average annual jobs tax credit of \$3,391 yields an annual estimated jobs tax credit of \$8,125,000 in FY2008-09. According to the Department of Revenue, nearly one-third of taxpayers do not have sufficient taxable liability to apply the full amount of the credit in a taxable year. Reducing \$8,125,000 by those individual taxpayers that do not have sufficient taxable liability yields reduction of General Fund income tax liability of an estimated \$5,525,000 in FY2008-09.

/s/ WILLIAM C. GILLESPIE, PH.D.

William C. Gillespie, Ph.D.

Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.